

AMENDED IN SENATE APRIL 22, 2014

SENATE BILL

No. 1129

Introduced by Senator Steinberg

February 19, 2014

An act to amend Sections 34171, 34177, 34177.5, 34180, 34191.3, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1129, as amended, Steinberg. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency, as specified. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose. *Existing law defines "enforceable obligation" for these purposes to generally exclude any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.*

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

The bill would specifically include within the definition of “enforceable obligation” an agreement entered into between the redevelopment agency prior to June 30, 2011, if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to specified law.

(2) Existing law authorizes a successor agency to oversee the development of properties until the contracted work has been completed or the contractual obligation of the former redevelopment agency can be transferred to other parties, and requires bond proceeds to be used for the purposes for which bonds were sold, except as specified.

This bill would authorize a successor agency to utilize the proceeds of bonds issued during the 2011 calendar year, upon the approval of the oversight board, if the oversight board, in consultation with the relevant metropolitan planning organization determines that the use of the bond proceeds is consistent with the sustainable communities strategy adopted by the metropolitan planning organization.

(3) Existing law authorizes a successor agency to petition the Department of Finance to provide written confirmation that its determination relating to an enforceable obligation that provides for an irrevocable commitment of property tax revenue, as specified, is final and conclusive, and reflects the department’s approval of subsequent payments made pursuant to the enforceable obligation.

This bill would require the removal of an enforceable obligation from a recognized obligation payment schedule that has received a finding of completion from the department to be submitted to the oversight board for review and approval.

(4) Existing law requires a city, county, or city and county that wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, to reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for the value of the property retained, as specified.

This bill would specify that these provisions do not apply to the disposition of properties pursuant to a long-range property management plan.

(5) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes, all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the department has not approved a long-range property management plan by January 1, 2015.

This bill would prohibit the department from requiring compensation agreements as part of the approval of a long-range property management plan and would specify the criteria the department may consider in approving a long-range property management plan. The bill would additionally delete the requirement that the department approve a plan by January 1, 2015, and instead require the department to approve long-range property management plans as expeditiously as possible.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 34171 of the Health and Safety Code is
2 amended to read:
3 34171. The following terms shall have the following meanings:
4 (a) “Administrative budget” means the budget for administrative
5 costs of the successor agencies as provided in Section 34177.
6 (b) “Administrative cost allowance” means an amount that,
7 subject to the approval of the oversight board, is payable from
8 property tax revenues of up to 5 percent of the property tax
9 allocated to the successor agency on the Recognized Obligation
10 Payment Schedule covering the period January 1, 2012, through
11 June 30, 2012, and up to 3 percent of the property tax allocated to
12 the Redevelopment Obligation Retirement Fund money that is
13 allocated to the successor agency for each fiscal year thereafter;
14 provided, however, that the amount shall not be less than two

1 hundred fifty thousand dollars (\$250,000), unless the oversight
2 board reduces this amount, for any fiscal year or such lesser amount
3 as agreed to by the successor agency. However, the allowance
4 amount shall exclude, and shall not apply to, any administrative
5 costs that can be paid from bond proceeds or from sources other
6 than property tax. Administrative cost allowances shall exclude
7 any litigation expenses related to assets or obligations, settlements
8 and judgments, and the costs of maintaining assets prior to
9 disposition. Employee costs associated with work on specific
10 project implementation activities, including, but not limited to,
11 construction inspection, project management, or actual
12 construction, shall be considered project-specific costs and shall
13 not constitute administrative costs.

14 (c) “Designated local authority” shall mean a public entity
15 formed pursuant to subdivision (d) of Section 34173.

16 (d) (1) “Enforceable obligation” means any of the following:

17 (A) Bonds, as defined by Section 33602 and bonds issued
18 pursuant to Chapter 10.5 (commencing with Section 5850) of
19 Division 6 of Title 1 of the Government Code, including the
20 required debt service, reserve set-asides, and any other payments
21 required under the indenture or similar documents governing the
22 issuance of the outstanding bonds of the former redevelopment
23 agency. A reserve may be held when required by the bond
24 indenture or when the next property tax allocation will be
25 insufficient to pay all obligations due under the provisions of the
26 bond for the next payment due in the following half of the calendar
27 year.

28 (B) Loans of moneys borrowed by the redevelopment agency
29 for a lawful purpose, to the extent they are legally required to be
30 repaid pursuant to a required repayment schedule or other
31 mandatory loan terms.

32 (C) Payments required by the federal government, preexisting
33 obligations to the state or obligations imposed by state law, other
34 than passthrough payments that are made by the county
35 auditor-controller pursuant to Section 34183, or legally enforceable
36 payments required in connection with the agencies’ employees,
37 including, but not limited to, pension payments, pension obligation
38 debt service, unemployment payments, or other obligations
39 conferred through a collective bargaining agreement. Costs incurred
40 to fulfill collective bargaining agreements for layoffs or

1 terminations of city employees who performed work directly on
2 behalf of the former redevelopment agency shall be considered
3 enforceable obligations payable from property tax funds. The
4 obligations to employees specified in this subparagraph shall
5 remain enforceable obligations payable from property tax funds
6 for any employee to whom those obligations apply if that employee
7 is transferred to the entity assuming the housing functions of the
8 former redevelopment agency pursuant to Section 34176. The
9 successor agency or designated local authority shall enter into an
10 agreement with the housing entity to reimburse it for any costs of
11 the employee obligations.

12 (D) Judgments or settlements entered by a competent court of
13 law or binding arbitration decisions against the former
14 redevelopment agency, other than passthrough payments that are
15 made by the county auditor-controller pursuant to Section 34183.
16 Along with the successor agency, the oversight board shall have
17 the authority and standing to appeal any judgment or to set aside
18 any settlement or arbitration decision.

19 (E) Any legally binding and enforceable agreement or contract
20 that is not otherwise void as violating the debt limit or public
21 policy. However, nothing in this act shall prohibit either the
22 successor agency, with the approval or at the direction of the
23 oversight board, or the oversight board itself from terminating any
24 existing agreements or contracts and providing any necessary and
25 required compensation or remediation for such termination. Titles
26 of or headings used on or in a document shall not be relevant in
27 determining the existence of an enforceable obligation.

28 (F) Contracts or agreements necessary for the administration or
29 operation of the successor agency, in accordance with this part,
30 including, but not limited to, agreements concerning litigation
31 expenses related to assets or obligations, settlements and
32 judgments, and the costs of maintaining assets prior to disposition,
33 and agreements to purchase or rent office space, equipment and
34 supplies, and pay-related expenses pursuant to Section 33127 and
35 for carrying insurance pursuant to Section 33134.

36 (G) Amounts borrowed from, or payments owing to, the Low
37 and Moderate Income Housing Fund of a redevelopment agency,
38 which had been deferred as of the effective date of the act adding
39 this part; provided, however, that the repayment schedule is
40 approved by the oversight board. Repayments shall be transferred

1 to the Low and Moderate Income Housing Asset Fund established
2 pursuant to subdivision (d) of Section 34176 as a housing asset
3 and shall be used in a manner consistent with the affordable
4 housing requirements of the Community Redevelopment Law (Part
5 1 (commencing with Section 33000)).

6 (2) For purposes of this part, “enforceable obligation” does not
7 include any agreements, contracts, or arrangements between the
8 city, county, or city and county that created the redevelopment
9 agency and the former redevelopment agency. However, written
10 agreements entered into (A) at the time of issuance, but in no event
11 later than December 31, 2010, of indebtedness obligations, and
12 (B) solely for the purpose of securing or repaying those
13 indebtedness obligations may be deemed enforceable obligations
14 for purposes of this part. Notwithstanding this paragraph, loan
15 agreements entered into between the redevelopment agency and
16 the city, county, or city and county that created it, within two years
17 of the date of creation of the redevelopment agency, may be
18 deemed to be enforceable obligations. *Notwithstanding this*
19 *paragraph, an agreement entered into between the redevelopment*
20 *agency prior to June 30, 2011, is an enforceable obligation if the*
21 *agreement relates to state highway infrastructure improvements*
22 *to which the redevelopment agency committed funds pursuant to*
23 *Section 33445.*

24 (3) Contracts or agreements between the former redevelopment
25 agency and other public agencies, to perform services or provide
26 funding for governmental or private services or capital projects
27 outside of redevelopment project areas that do not provide benefit
28 to the redevelopment project and thus were not properly authorized
29 under Part 1 (commencing with Section 33000) shall be deemed
30 void on the effective date of this part; provided, however, that such
31 contracts or agreements for the provision of housing properly
32 authorized under Part 1 (commencing with Section 33000) shall
33 not be deemed void.

34 (e) “Indebtedness obligations” means bonds, notes, certificates
35 of participation, or other evidence of indebtedness, issued or
36 delivered by the redevelopment agency, or by a joint exercise of
37 powers authority created by the redevelopment agency, to
38 third-party investors or bondholders to finance or refinance
39 redevelopment projects undertaken by the redevelopment agency

1 in compliance with the Community Redevelopment Law (Part 1
2 (commencing with Section 33000)).

3 (f) “Oversight board” shall mean each entity established pursuant
4 to Section 34179.

5 (g) “Recognized obligation” means an obligation listed in the
6 Recognized Obligation Payment Schedule.

7 (h) “Recognized Obligation Payment Schedule” means the
8 document setting forth the minimum payment amounts and due
9 dates of payments required by enforceable obligations for each
10 six-month fiscal period as provided in subdivision (m) of Section
11 34177.

12 (i) “School entity” means any entity defined as such in
13 subdivision (f) of Section 95 of the Revenue and Taxation Code.

14 (j) “Successor agency” means the successor entity to the former
15 redevelopment agency as described in Section 34173.

16 (k) “Taxing entities” means cities, counties, a city and county,
17 special districts, and school entities, as defined in subdivision (f)
18 of Section 95 of the Revenue and Taxation Code, that receive
19 passthrough payments and distributions of property taxes pursuant
20 to the provisions of this part.

21 (l) “Property taxes” include all property tax revenues, including
22 those from unitary and supplemental and roll corrections applicable
23 to tax increment.

24 (m) “Department” means the Department of Finance unless the
25 context clearly refers to another state agency.

26 (n) “Sponsoring entity” means the city, county, or city and
27 county, or other entity that authorized the creation of each
28 redevelopment agency.

29 (o) “Final judicial determination” means a final judicial
30 determination made by any state court that is not appealed, or by
31 a court of appellate jurisdiction that is not further appealed, in an
32 action by any party.

33 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity
34 administrative cost allowance” means an amount of up to 1 percent
35 of the property tax allocated to the Redevelopment Obligation
36 Retirement Fund on behalf of the successor agency for each
37 applicable fiscal year, but not less than one hundred fifty thousand
38 dollars (\$150,000) per fiscal year.

39 (1) If a local housing authority assumed the housing functions
40 of the former redevelopment agency pursuant to paragraph (2) or

(3) of subdivision (b) of Section 34176, then the housing entity administrative cost allowance shall be listed by the successor agency on the Recognized Obligation Payment Schedule. Upon approval of the Recognized Obligation Payment Schedule by the oversight board and the department, the housing entity administrative cost allowance shall be remitted by the successor agency on each January 2 and July 1 to the local housing authority that assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176.

(2) If there are insufficient moneys in the Redevelopment Obligations Retirement Fund in a given fiscal year to make the payment authorized by this subdivision, the unfunded amount may be listed on each subsequent Recognized Obligation Payment Schedule until it has been paid in full. In these cases the five-year time limit on the payments shall not apply.

~~SECTION 1.~~

SEC. 2. Section 34177 of the Health and Safety Code is amended to read:

34177. Successor agencies are required to do all of the following:

(a) Continue to make payments due for enforceable obligations.

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. In recognition of the fact that the timing of the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos

1 (2011) 53 Cal.4th 231 delayed the preparation by successor
2 agencies and the approval by oversight boards of the January 1,
3 2012, through June 30, 2012, Recognized Obligation Payment
4 Schedule, a successor agency may amend the Enforceable
5 Obligation Payment Schedule to authorize the continued payment
6 of enforceable obligations until the time that the January 1, 2012,
7 through June 30, 2012, Recognized Obligation Payment Schedule
8 has been approved by the oversight board and by the Department
9 of Finance.

10 (2) The Department of Finance and the Controller shall each
11 have the authority to require any documents associated with the
12 enforceable obligations to be provided to them in a manner of their
13 choosing. Any taxing entity, the department, and the Controller
14 shall each have standing to file a judicial action to prevent a
15 violation under this part and to obtain injunctive or other
16 appropriate relief.

17 (3) Commencing on the date the Recognized Obligation Payment
18 Schedule is valid pursuant to subdivision (l), only those payments
19 listed in the Recognized Obligation Payment Schedule may be
20 made by the successor agency from the funds specified in the
21 Recognized Obligation Payment Schedule. In addition, after it
22 becomes valid, the Recognized Obligation Payment Schedule shall
23 supersede the Statement of Indebtedness, which shall no longer
24 be prepared nor have any effect under the Community
25 Redevelopment Law (Part 1 (commencing with Section 33000)).

26 (4) Nothing in the act adding this part is to be construed as
27 preventing a successor agency, with the prior approval of the
28 oversight board, as described in Section 34179, from making
29 payments for enforceable obligations from sources other than those
30 listed in the Recognized Obligation Payment Schedule.

31 (5) From February 1, 2012, to July 1, 2012, a successor agency
32 shall have no authority and is hereby prohibited from accelerating
33 payment or making any lump-sum payments that are intended to
34 prepay loans unless such accelerated repayments were required
35 prior to the effective date of this part.

36 (b) Maintain reserves in the amount required by indentures,
37 trust indentures, or similar documents governing the issuance of
38 outstanding redevelopment agency bonds.

39 (c) Perform obligations required pursuant to any enforceable
40 obligation.

(d) Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency. In making the distribution, the county auditor-controller shall utilize the same methodology for allocation and distribution of property tax revenues provided in Section 34188.

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.

(f) Enforce all former redevelopment agency rights for the benefit of the taxing entities, including, but not limited to, continuing to collect loans, rents, and other revenues that were due to the redevelopment agency.

(g) Effectuate transfer of housing functions and assets to the appropriate entity designated pursuant to Section 34176.

(h) Expeditiously wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.

(i) (1) Continue to oversee development of properties until the contracted work has been completed or the contractual obligations of the former redevelopment agency can be transferred to other parties. Bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds.

(2) Utilize, in accordance with paragraph (1) the proceeds of bonds issued during the year 2011, upon approval of the oversight board, if the oversight board, in consultation with the appropriate

1 metropolitan planning organization, determines that the use of the
2 bond proceeds is consistent with the sustainable communities
3 strategy adopted by the metropolitan planning organization.

4 (j) Prepare a proposed administrative budget and submit it to
5 the oversight board for its approval. The proposed administrative
6 budget shall include all of the following:

7 (1) Estimated amounts for successor agency administrative costs
8 for the upcoming six-month fiscal period.

9 (2) Proposed sources of payment for the costs identified in
10 paragraph (1).

11 (3) Proposals for arrangements for administrative and operations
12 services provided by a city, county, city and county, or other entity.

13 (k) Provide administrative cost estimates, from its approved
14 administrative budget that are to be paid from property tax revenues
15 deposited in the Redevelopment Property Tax Trust Fund, to the
16 county auditor-controller for each six-month fiscal period.

17 (l) (1) Before each six-month fiscal period, prepare a
18 Recognized Obligation Payment Schedule in accordance with the
19 requirements of this paragraph. For each recognized obligation,
20 the Recognized Obligation Payment Schedule shall identify one
21 or more of the following sources of payment:

22 (A) Low and Moderate Income Housing Fund.

23 (B) Bond proceeds.

24 (C) Reserve balances.

25 (D) Administrative cost allowance.

26 (E) The Redevelopment Property Tax Trust Fund, but only to
27 the extent no other funding source is available or when payment
28 from property tax revenues is required by an enforceable obligation
29 or by this part.

30 (F) Other revenue sources, including rents, concessions, asset
31 sale proceeds, interest earnings, and any other revenues derived
32 from the former redevelopment agency, as approved by the
33 oversight board in accordance with this part.

34 (2) A Recognized Obligation Payment Schedule shall not be
35 deemed valid unless all of the following conditions have been met:

36 (A) A Recognized Obligation Payment Schedule is prepared
37 by the successor agency for the enforceable obligations of the
38 former redevelopment agency. The initial schedule shall project
39 the dates and amounts of scheduled payments for each enforceable
40 obligation for the remainder of the time period during which the

1 redevelopment agency would have been authorized to obligate
2 property tax increment had the redevelopment agency not been
3 dissolved.

4 (B) The Recognized Obligation Payment Schedule is submitted
5 to and duly approved by the oversight board. The successor agency
6 shall submit a copy of the Recognized Obligation Payment
7 Schedule to the county administrative officer, the county
8 auditor-controller, and the Department of Finance at the same time
9 that the successor agency submits the Recognized Obligation
10 Payment Schedule to the oversight board for approval.

11 (C) A copy of the approved Recognized Obligation Payment
12 Schedule is submitted to the county auditor-controller and both
13 the Controller's office and the Department of Finance and be posted
14 on the successor agency's Internet Web site.

15 (3) The Recognized Obligation Payment Schedule shall be
16 forward looking to the next six months. The first Recognized
17 Obligation Payment Schedule shall be submitted to the Controller's
18 office and the Department of Finance by April 15, 2012, for the
19 period of January 1, 2012, to June 30, 2012, inclusive. This
20 Recognized Obligation Payment Schedule shall include all
21 payments made by the former redevelopment agency between
22 January 1, 2012, through January 31, 2012, and shall include all
23 payments proposed to be made by the successor agency from
24 February 1, 2012, through June 30, 2012. Former redevelopment
25 agency enforceable obligation payments due, and reasonable or
26 necessary administrative costs due or incurred, prior to January 1,
27 2012, shall be made from property tax revenues received in the
28 spring of 2011 property tax distribution, and from other revenues
29 and balances transferred to the successor agency.

30 (m) The Recognized Obligation Payment Schedule for the period
31 of January 1, 2013, to June 30, 2013, shall be submitted by the
32 successor agency, after approval by the oversight board, no later
33 than September 1, 2012. Commencing with the Recognized
34 Obligation Payment Schedule covering the period July 1, 2013,
35 through December 31, 2013, successor agencies shall submit an
36 oversight board-approved Recognized Obligation Payment
37 Schedule to the Department of Finance and to the county
38 auditor-controller no fewer than 90 days before the date of property
39 tax distribution. The Department of Finance shall make its
40 determination of the enforceable obligations and the amounts and

1 funding sources of the enforceable obligations no later than 45
2 days after the Recognized Obligation Payment Schedule is
3 submitted. Within five business days of the department's
4 determination, a successor agency may request additional review
5 by the department and an opportunity to meet and confer on
6 disputed items. The meet and confer period may vary; an untimely
7 submittal of a Recognized Obligation Payment Schedule may result
8 in a meet and confer period of less than 30 days. The department
9 shall notify the successor agency and the county auditor-controllers
10 as to the outcome of its review at least 15 days before the date of
11 property tax distribution.

12 (1) The successor agency shall submit a copy of the Recognized
13 Obligation Payment Schedule to the Department of Finance
14 electronically, and the successor agency shall complete the
15 Recognized Obligation Payment Schedule in the manner provided
16 for by the department. A successor agency shall be in
17 noncompliance with this paragraph if it only submits to the
18 department an electronic message or a letter stating that the
19 oversight board has approved a Recognized Obligation Payment
20 Schedule.

21 (2) If a successor agency does not submit a Recognized
22 Obligation Payment Schedule by the deadlines provided in this
23 subdivision, the city, county, or city and county that created the
24 redevelopment agency shall be subject to a civil penalty equal to
25 ten thousand dollars (\$10,000) per day for every day the schedule
26 is not submitted to the department. The civil penalty shall be paid
27 to the county auditor-controller for allocation to the taxing entities
28 under Section 34183. If a successor agency fails to submit a
29 Recognized Obligation Payment Schedule by the deadline, any
30 creditor of the successor agency or the Department of Finance or
31 any affected taxing entity shall have standing to and may request
32 a writ of mandate to require the successor agency to immediately
33 perform this duty. Those actions may be filed only in the County
34 of Sacramento and shall have priority over other civil matters.
35 Additionally, if an agency does not submit a Recognized Obligation
36 Payment Schedule within 10 days of the deadline, the maximum
37 administrative cost allowance for that period shall be reduced by
38 25 percent.

39 (3) If a successor agency fails to submit to the department an
40 oversight board-approved Recognized Obligation Payment

1 Schedule that complies with all requirements of this subdivision
2 within five business days of the date upon which the Recognized
3 Obligation Payment Schedule is to be used to determine the amount
4 of property tax allocations, the department may determine if any
5 amount should be withheld by the county auditor-controller for
6 payments for enforceable obligations from distribution to taxing
7 entities, pending approval of a Recognized Obligation Payment
8 Schedule. The county auditor-controller shall distribute the portion
9 of any of the sums withheld pursuant to this paragraph to the
10 affected taxing entities in accordance with paragraph (4) of
11 subdivision (a) of Section 34183 upon notice by the department
12 that a portion of the withheld balances are in excess of the amount
13 of enforceable obligations. The county auditor-controller shall
14 distribute withheld funds to the successor agency only in
15 accordance with a Recognized Obligation Payment Schedule
16 approved by the department. County auditor-controllers shall lack
17 the authority to withhold any other amounts from the allocations
18 provided for under Section 34183 or 34188, unless required by a
19 court order.

20 (n) Cause a postaudit of the financial transactions and records
21 of the successor agency to be made at least annually by a certified
22 public accountant.

23 ~~SEC. 2:~~

24 *SEC. 3.* Section 34177.5 of the Health and Safety Code is
25 amended to read:

26 34177.5. (a) In addition to the powers granted to each
27 successor agency, and notwithstanding anything in the act adding
28 this part, including, but not limited to, Sections 34162 and 34189,
29 a successor agency shall have the authority, rights, and powers of
30 the redevelopment agency to which it succeeded solely for the
31 following purposes:

32 (1) For the purpose of issuing bonds or incurring other
33 indebtedness to refund the bonds or other indebtedness of its former
34 redevelopment agency or of the successor agency to provide
35 savings to the successor agency, provided that (A) the total interest
36 cost to maturity on the refunding bonds or other indebtedness plus
37 the principal amount of the refunding bonds or other indebtedness
38 shall not exceed the total remaining interest cost to maturity on
39 the bonds or other indebtedness to be refunded plus the remaining
40 principal of the bonds or other indebtedness to be refunded, and

1 (B) the principal amount of the refunding bonds or other
2 indebtedness shall not exceed the amount required to defease the
3 refunded bonds or other indebtedness, to establish customary debt
4 service reserves, and to pay related costs of issuance. If the
5 foregoing conditions are satisfied, the initial principal amount of
6 the refunding bonds or other indebtedness may be greater than the
7 outstanding principal amount of the bonds or other indebtedness
8 to be refunded. The successor agency may pledge to the refunding
9 bonds or other indebtedness the revenues pledged to the bonds or
10 other indebtedness being refunded, and that pledge, when made
11 in connection with the issuance of such refunding bonds or other
12 indebtedness, shall have the same lien priority as the pledge of the
13 bonds or other obligations to be refunded, and shall be valid,
14 binding, and enforceable in accordance with its terms.

15 (2) For the purpose of issuing bonds or other indebtedness to
16 finance debt service spikes, including balloon maturities, provided
17 that (A) the existing indebtedness is not accelerated, except to the
18 extent necessary to achieve substantially level debt service, and
19 (B) the principal amount of the bonds or other indebtedness shall
20 not exceed the amount required to finance the debt service spikes,
21 including establishing customary debt service reserves and paying
22 related costs of issuance.

23 (3) For the purpose of amending an existing enforceable
24 obligation under which the successor agency is obligated to
25 reimburse a political subdivision of the state for the payment of
26 debt service on a bond or other obligation of the political
27 subdivision, or to pay all or a portion of the debt service on the
28 bond or other obligation of the political subdivision to provide
29 savings to the successor agency, provided that (A) the enforceable
30 obligation is amended in connection with a refunding of the bonds
31 or other obligations of the political subdivision so that the
32 enforceable obligation will apply to the refunding bonds or other
33 refunding indebtedness of the political subdivision, (B) the total
34 interest cost to maturity on the refunding bonds or other
35 indebtedness plus the principal amount of the refunding bonds or
36 other indebtedness shall not exceed the total remaining interest
37 cost to maturity on the bonds or other indebtedness to be refunded
38 plus the remaining principal of the bonds or other indebtedness to
39 be refunded, and (C) the principal amount of the refunding bonds
40 or other indebtedness shall not exceed the amount required to

1 defease the refunded bonds or other indebtedness, to establish
2 customary debt service reserves and to pay related costs of
3 issuance. The pledge set forth in that amended enforceable
4 obligation, when made in connection with the execution of the
5 amendment of the enforceable obligation, shall have the same lien
6 priority as the pledge in the enforceable obligation prior to its
7 amendment and shall be valid, binding, and enforceable in
8 accordance with its terms.

9 (4) For the purpose of issuing bonds or incurring other
10 indebtedness to make payments under enforceable obligations
11 when the enforceable obligations include the irrevocable pledge
12 of property tax increment, formerly tax increment revenues prior
13 to the effective date of this part, or other funds and the obligation
14 to issue bonds secured by that pledge. The successor agency may
15 pledge to the bonds or other indebtedness the property tax revenues
16 and other funds described in the enforceable obligation, and that
17 pledge, when made in connection with the issuance of the bonds
18 or the incurring of other indebtedness, shall be valid, binding, and
19 enforceable in accordance with its terms. This paragraph shall not
20 be deemed to authorize a successor agency to increase the amount
21 of property tax revenues pledged under an enforceable obligation
22 or to pledge any property tax revenue not already pledged pursuant
23 to an enforceable obligation. This paragraph does not constitute a
24 change in, but is declaratory of, the existing law.

25 (b) The refunding bonds authorized under this section may be
26 issued under the authority of Article 11 (commencing with Section
27 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the
28 Government Code, and the refunding bonds may be sold at public
29 or private sale, or to a joint powers authority pursuant to the
30 Marks-Roos Local Bond Pooling Act (Article 4 (commencing with
31 Section 6584) of Chapter 5 of Division 7 of Title 1 of the
32 Government Code).

33 (c) (1) Prior to incurring any bonds or other indebtedness
34 pursuant to this section, the successor agency may subordinate to
35 the bonds or other indebtedness the amount required to be paid to
36 an affected taxing entity pursuant to paragraph (1) of subdivision
37 (a) of Section 34183, provided that the affected taxing entity has
38 approved the subordinations pursuant to this subdivision.

39 (2) At the time the successor agency requests an affected taxing
40 entity to subordinate the amount to be paid to it, the successor

1 agency shall provide the affected taxing entity with substantial
2 evidence that sufficient funds will be available to pay both the debt
3 service on the bonds or other indebtedness and the payments
4 required by paragraph (1) of subdivision (a) of Section 34183,
5 when due.

6 (3) Within 45 days after receipt of the agency's request, the
7 affected taxing entity shall approve or disapprove the request for
8 subordination. An affected taxing entity may disapprove a request
9 for subordination only if it finds, based upon substantial evidence,
10 that the successor agency will not be able to pay the debt service
11 payments and the amount required to be paid to the affected taxing
12 entity. If the affected taxing entity does not act within 45 days after
13 receipt of the agency's request, the request to subordinate shall be
14 deemed approved and shall be final and conclusive.

15 (d) An action may be brought pursuant to Chapter 9
16 (commencing with Section 860) of Title 10 of Part 2 of the Code
17 of Civil Procedure to determine the validity of bonds or other
18 obligations authorized by this section, the pledge of revenues to
19 those bonds or other obligations authorized by this section, the
20 legality and validity of all proceedings theretofore taken and, as
21 provided in the resolution of the legislative body of the successor
22 agency authorizing the bonds or other obligations authorized by
23 this section, proposed to be taken for the authorization, execution,
24 issuance, sale, and delivery of the bonds or other obligations
25 authorized by this section, and for the payment of debt service on
26 the bonds or the payment of amounts under other obligations
27 authorized by this section. Subdivision (c) of Section 33501 shall
28 not apply to any such action. The Department of Finance shall be
29 notified of the filing of any action as an affected party.

30 (e) Notwithstanding any other law, including, but not limited
31 to, Section 33501, an action to challenge the issuance of bonds,
32 the incurrence of indebtedness, the amendment of an enforceable
33 obligation, or the execution of a financing agreement by a successor
34 agency shall be brought within 30 days after the date on which the
35 oversight board approves the resolution of the successor agency
36 approving the issuance of bonds, the incurrence of indebtedness,
37 the amendment of an enforceable obligation, or the execution of
38 a financing agreement authorized under this section.

39 (f) The actions authorized in this section shall be subject to the
40 approval of the oversight board, as provided in Section 34180.

1 Additionally, an oversight board may direct the successor agency
2 to commence any of the transactions described in subdivision (a)
3 so long as the successor agency is able to recover its related costs
4 in connection with the transaction. After a successor agency, with
5 approval of the oversight board, issues any bonds, incurs any
6 indebtedness, or executes an amended enforceable obligation
7 pursuant to subdivision (a), the oversight board shall not
8 unilaterally approve any amendments to or early termination of
9 the bonds, indebtedness, or enforceable obligation. If, under the
10 authority granted to it by subdivision (h) of Section 34179, the
11 Department of Finance either reviews and approves or fails to
12 request review within five business days of an oversight board
13 approval of an action authorized by this section, the scheduled
14 payments on the bonds or other indebtedness shall be listed in the
15 Recognized Obligation Payment Schedule and shall not be subject
16 to further review and approval by the department or the Controller.
17 The department may extend its review time to 60 days for actions
18 authorized in this section and may seek the assistance of the
19 Treasurer in evaluating proposed actions under this section.

20 (g) Any bonds, indebtedness, or amended enforceable obligation
21 authorized by this section shall be considered indebtedness incurred
22 by the dissolved redevelopment agency, with the same legal effect
23 as if the bonds, indebtedness, financing agreement, or amended
24 enforceable obligation had been issued, incurred, or entered into
25 prior to June 29, 2011, in full conformity with the applicable
26 provisions of the Community Redevelopment Law that existed
27 prior to that date, shall be included in the successor agency's
28 Recognized Obligation Payment Schedule, and shall be secured
29 by a pledge of, and lien on, and shall be repaid from moneys
30 deposited from time to time in the Redevelopment Property Tax
31 Trust Fund established pursuant to subdivision (c) of Section
32 34172, as provided in paragraph (2) of subdivision (a) of Section
33 34183. Property tax revenues pledged to any bonds, indebtedness,
34 or amended enforceable obligations authorized by this section are
35 taxes allocated to the successor agency pursuant to subdivision (b)
36 of Section 33670 and Section 16 of Article XVI of the California
37 Constitution.

38 (h) The successor agency shall make diligent efforts to ensure
39 that the lowest long-term cost financing is obtained. The financing
40 shall not provide for any bullets or spikes and shall not use variable

1 rates. The successor agency shall make use of an independent
2 financial advisor in developing financing proposals and shall make
3 the work products of the financial advisor available to the
4 Department of Finance at its request.

5 (i) (1) If an enforceable obligation provides for an irrevocable
6 commitment of property tax revenue and where allocation of such
7 revenues is expected to occur over time, the successor agency may
8 petition the Department of Finance to provide written confirmation
9 that its determination of such enforceable obligation as approved
10 in a Recognized Obligation Payment Schedule is final and
11 conclusive, and reflects the department's approval of subsequent
12 payments made pursuant to the enforceable obligation. If the
13 confirmation is granted, then the department's review of such
14 payments in future Recognized Obligation Payment Schedules
15 shall be limited to confirming that they are required by the prior
16 enforceable obligation.

17 (2) Prior to removal of an enforceable obligation from a
18 recognized obligation payment schedule for a successor agency
19 that has received a finding of completion from the Department of
20 Finance under Section 34179.7, the action shall be submitted to
21 the oversight board for review and approval.

22 (j) The successor agency may request that the department
23 provide a written determination to waive the two-year statute of
24 limitations on an action to review the validity of the adoption or
25 amendment of a redevelopment plan pursuant to subdivision (c)
26 of Section 33500 or on any findings or determinations made by
27 the agency pursuant to subdivision (d) of Section 33500. The
28 department at its discretion may provide a waiver if it determines
29 it is necessary for the agency to fulfill an enforceable obligation.

30 ~~SEC. 3.~~

31 *SEC. 4.* Section 34180 of the Health and Safety Code is
32 amended to read:

33 34180. All of the following successor agency actions shall first
34 be approved by the oversight board:

35 (a) The establishment of new repayment terms for outstanding
36 loans where the terms have not been specified prior to the date of
37 this part. An oversight board shall not have the authority to
38 reestablish loan agreements between the successor agency and the
39 city, county, or city and county that formed the redevelopment

1 agency except as provided in Chapter 9 (commencing with Section
2 34191.1).

3 (b) The issuance of bonds or other indebtedness or the pledge
4 or agreement for the pledge of property tax revenues (formerly tax
5 increment prior to the effective date of this part) pursuant to
6 subdivision (a) of Section 34177.5.

7 (c) Setting aside of amounts in reserves as required by
8 indentures, trust indentures, or similar documents governing the
9 issuance of outstanding redevelopment agency bonds.

10 (d) Merging of project areas.

11 (e) Continuing the acceptance of federal or state grants, or other
12 forms of financial assistance from either public or private sources,
13 if that assistance is conditioned upon the provision of matching
14 funds, by the successor entity as successor to the former
15 redevelopment agency, in an amount greater than 5 percent.

16 (f) (1) If a city, county, or city and county wishes to retain any
17 properties or other assets for future redevelopment activities,
18 funded from its own funds and under its own auspices, it must
19 reach a compensation agreement with the other taxing entities to
20 provide payments to them in proportion to their shares of the base
21 property tax, as determined pursuant to Section 34188, for the
22 value of the property retained.

23 (2) If no other agreement is reached on valuation of the retained
24 assets, the value will be the fair market value as of the 2011
25 property tax lien date as determined by an independent appraiser
26 approved by the oversight board.

27 (3) This subdivision does not apply to the disposition of
28 properties pursuant to a long-range property management plan.

29 (g) Establishment of the Recognized Obligation Payment
30 Schedule.

31 (h) A request by the successor agency to enter into an agreement
32 with the city, county, or city and county that formed the
33 redevelopment agency that it is succeeding. An oversight board
34 shall not have the authority to reestablish loan agreements between
35 the successor agency and the city, county, or city and county that
36 formed the redevelopment agency except as provided in Chapter
37 9 (commencing with Section 34191.1). Any actions to reestablish
38 any other agreements that are in furtherance of enforceable
39 obligations, with the city, county, or city and county that formed

1 the redevelopment agency are invalid until they are included in an
2 approved and valid Recognized Obligation Payment Schedule.

3 (i) A request by a successor agency or taxing entity to pledge,
4 or to enter into an agreement for the pledge of, property tax
5 revenues pursuant to subdivision (b) of Section 34178.

6 (j) Any document submitted by a successor agency to an
7 oversight board for approval by any provision of this part shall
8 also be submitted to the county administrative officer, the county
9 auditor-controller, and the Department of Finance at the same time
10 that the successor agency submits the document to the oversight
11 board.

12 ~~SEC. 4.~~

13 *SEC. 5.* Section 34191.3 of the Health and Safety Code is
14 amended to read:

15 34191.3. Notwithstanding Section 34191.1, the requirements
16 specified in subdivision (e) of Section 34177 and subdivision (a)
17 of Section 34181 shall be suspended, except as those provisions
18 apply to the transfers for governmental use, until the Department
19 of Finance has approved a long-range property management plan
20 pursuant to subdivision (b) of Section 34191.5, at which point the
21 plan shall govern, and supersede all other provisions relating to,
22 the disposition and use of the real property assets of the former
23 redevelopment agency, including, but not limited to, subdivision
24 (f) of Section 34180.

25 ~~SEC. 5.~~ ~~Section 34191.4 of the Health and Safety Code is~~
26 ~~amended to read:~~

27 ~~34191.4.~~ The following provisions shall apply to any successor
28 agency that has been issued a finding of completion by the
29 Department of Finance:

30 (a) ~~All real property and interests in real property identified in~~
31 ~~subparagraph (C) of paragraph (5) of subdivision (c) of Section~~
32 ~~34179.5 shall be transferred to the Community Redevelopment~~
33 ~~Property Trust Fund of the successor agency upon approval by the~~
34 ~~Department of Finance of the long-range property management~~
35 ~~plan submitted by the successor agency pursuant to subdivision~~
36 ~~(b) of Section 34191.7 unless that property is subject to the~~
37 ~~requirements of any existing enforceable obligation.~~

38 (b) (1) ~~Notwithstanding subdivision (d) of Section 34171, upon~~
39 ~~application by the successor agency and approval by the oversight~~
40 ~~board, loan agreements entered into between the redevelopment~~

1 agency and the city, county, or city and county that created by the
2 redevelopment agency shall be deemed to be enforceable
3 obligations provided that the oversight board makes a finding that
4 the loan was for legitimate redevelopment purposes.

5 (2) If the oversight board finds that the loan is an enforceable
6 obligation, the accumulated interest on the remaining principal
7 amount of the loan shall be recalculated from origination at the
8 interest rate earned by funds deposited into the Local Agency
9 Investment Fund. The loan shall be repaid to the city, county, or
10 city and county in accordance with a defined schedule over a
11 reasonable term of years at an interest rate not to exceed the interest
12 rate earned by funds deposited into the Local Agency Investment
13 Fund. The annual loan repayments provided for in the recognized
14 obligations payment schedules shall be subject to all of the
15 following limitations:

16 (A) Loan repayments shall not be made prior to the 2013–14
17 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
18 repayment amount authorized each fiscal year for repayments
19 made pursuant to this subdivision and paragraph (7) of subdivision
20 (e) of Section 34176 combined shall be equal to one-half of the
21 increase between the amount distributed to the taxing entities
22 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
23 that fiscal year and the amount distributed to taxing entities
24 pursuant to that paragraph in the 2012–13 base year. Loan or
25 deferral repayments made pursuant to this subdivision shall be
26 second in priority to amounts to be repaid pursuant to paragraph
27 (7) of subdivision (e) of Section 34176.

28 (B) Repayments received by the city, county or city and county
29 that formed the redevelopment agency shall first be used to retire
30 any outstanding amounts borrowed and owed to the Low and
31 Moderate Income Housing Fund of the former redevelopment
32 agency for purposes of the Supplemental Educational Revenue
33 Augmentation Fund and shall be distributed to the Low and
34 Moderate Income Housing Asset Fund established by subdivision
35 (d) of Section 34176.

36 (C) Twenty percent of any loan repayment shall be deducted
37 from the loan repayment amount and shall be transferred to the
38 Low and Moderate Income Housing Asset Fund, after all
39 outstanding loans from the Low and Moderate Income Housing

1 ~~Fund for purposes of the Supplemental Educational Revenue~~
2 ~~Augmentation Fund have been paid.~~

3 ~~(e) (1) Bond proceeds derived from bonds issued on or before~~
4 ~~December 31, 2010, shall be used for the purposes for which the~~
5 ~~bonds were sold.~~

6 ~~(2) (A) Notwithstanding Section 34177.3 or any other~~
7 ~~conflicting provision of law, bond proceeds in excess of the~~
8 ~~amounts needed to satisfy approved enforceable obligations shall~~
9 ~~thereafter be expended in a manner consistent with the original~~
10 ~~bond covenants. Enforceable obligations may be satisfied by the~~
11 ~~creation of reserves for projects that are the subject of the~~
12 ~~enforceable obligation and that are consistent with the contractual~~
13 ~~obligations for those projects, or by expending funds to complete~~
14 ~~the projects. An expenditure made pursuant to this paragraph shall~~
15 ~~constitute the creation of excess bond proceeds obligations to be~~
16 ~~paid from the excess proceeds. Excess bond proceeds obligations~~
17 ~~shall be listed separately on the Recognized Obligation Payment~~
18 ~~Schedule submitted by the successor agency.~~

19 ~~(B) If remaining bond proceeds cannot be spent in a manner~~
20 ~~consistent with the bond covenants pursuant to subparagraph (A);~~
21 ~~the proceeds shall be used to defease the bonds or to purchase~~
22 ~~those same outstanding bonds on the open market for cancellation.~~

23 ~~(d) Notwithstanding subdivision (b) of Section 34163, if a~~
24 ~~successor agency has received a finding of completion, the~~
25 ~~successor agency may enter into, or amend existing, contracts and~~
26 ~~agreements, or otherwise administer projects in connection with~~
27 ~~enforceable obligations approved pursuant to subdivision (m) of~~
28 ~~Section 34177, including the substitution of private developer~~
29 ~~capitol in a disposition and development agreement that has been~~
30 ~~deemed an enforceable obligation, if the contract, agreement, or~~
31 ~~project will not commit new property tax funds, and will not~~
32 ~~otherwise reduce property tax revenues or payments made pursuant~~
33 ~~to paragraph (4) of subdivision (a) of Section 34183 to the taxing~~
34 ~~agencies.~~

35 ~~SEC. 6. Section 34191.5 of the Health and Safety Code is~~
36 ~~amended to read:~~

37 ~~34191.5. (a) There is hereby established a Community~~
38 ~~Redevelopment Property Trust Fund, administered by the successor~~
39 ~~agency, to serve as the repository of the former redevelopment~~

1 agency's real properties identified in subparagraph (C) of paragraph
2 (5) of subdivision (c) of Section 34179.5.

3 ~~(b) The successor agency shall prepare a long-range property~~
4 ~~management plan that addresses the disposition and use of the real~~
5 ~~properties of the former redevelopment agency. The report shall~~
6 ~~be submitted to the oversight board and the Department of Finance~~
7 ~~for approval no later than six months following the issuance to the~~
8 ~~successor agency of the finding of completion.~~

9 ~~(c) The long-range property management plan shall do all of~~
10 ~~the following:~~

11 ~~(1) Include an inventory of all properties in the trust. The~~
12 ~~inventory shall consist of all of the following information:~~

13 ~~(A) The date of the acquisition of the property and the value of~~
14 ~~the property at that time, and an estimate of the current value of~~
15 ~~the property.~~

16 ~~(B) The purpose for which the property was acquired.~~

17 ~~(C) Parcel data, including address, lot size, and current zoning~~
18 ~~in the former agency redevelopment plan or specific, community,~~
19 ~~or general plan.~~

20 ~~(D) An estimate of the current value of the parcel including, if~~
21 ~~available, any appraisal information.~~

22 ~~(E) An estimate of any lease, rental, or any other revenues~~
23 ~~generated by the property, and a description of the contractual~~
24 ~~requirements for the disposition of those funds.~~

25 ~~(F) The history of environmental contamination, including~~
26 ~~designation as a brownfield site, any related environmental studies,~~
27 ~~and history of any remediation efforts.~~

28 ~~(G) A description of the property's potential for transit-oriented~~
29 ~~development and the advancement of the planning objectives of~~
30 ~~the successor agency.~~

31 ~~(H) A brief history of previous development proposals and~~
32 ~~activity, including the rental or lease of property.~~

33 ~~(2) Address the use or disposition of all of the properties in the~~
34 ~~trust. Permissible uses include the retention of the property for~~
35 ~~governmental use pursuant to subdivision (a) of Section 34181,~~
36 ~~the retention of the property for future development, the sale of~~
37 ~~the property, or the use of the property to fulfill an enforceable~~
38 ~~obligation. The plan shall separately identify and list properties in~~
39 ~~the trust dedicated to governmental use purposes and properties~~
40 ~~retained for purposes of fulfilling an enforceable obligation. With~~

1 respect to the use or disposition of all other properties, all of the
2 following shall apply:

3 (A) If the plan directs the use or liquidation of the property for
4 a project identified in an approved redevelopment plan, the property
5 shall transfer to the city, county, or city and county.

6 (B) If the plan directs the liquidation of the property or the use
7 of revenues generated from the property, such as lease or parking
8 revenues, for any purpose other than to fulfill an enforceable
9 obligation or other than that specified in subparagraph (A), the
10 proceeds from the sale shall be distributed as property tax to the
11 taxing entities.

12 (C) Property shall not be transferred to a successor agency, city,
13 county, or city and county, unless the long-range property
14 management plan has been approved by the oversight board and
15 the Department of Finance.

16 (d) The department shall not require a compensation agreement
17 or agreements as part of the approval of a long-range property
18 management plan.

19 (e) The department shall only consider whether the long-range
20 property management plan makes a good faith effort to address
21 the requirements set forth in subdivision (e).

22 (f) The department shall approve long-range property
23 management plans as expeditiously as possible.

24 *SEC. 6. Section 34191.4 of the Health and Safety Code is*
25 *amended to read:*

26 34191.4. The following provisions shall apply to any successor
27 agency that has been issued a finding of completion by the
28 Department of Finance:

29 (a) All real property and interests in real property identified in
30 subparagraph (C) of paragraph (5) of subdivision (c) of Section
31 34179.5 shall be transferred to the Community Redevelopment
32 Property Trust Fund of the successor agency upon approval by the
33 Department of Finance of the long-range property management
34 plan submitted by the successor agency pursuant to subdivision
35 (b) of Section 34191.5 unless that property is subject to the
36 requirements of any existing enforceable obligation.

37 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
38 application by the successor agency and approval by the oversight
39 board, loan agreements entered into between the redevelopment
40 agency and the city, county, or city and county that created the

1 redevelopment agency shall be deemed to be enforceable
2 obligations provided that the oversight board makes a finding that
3 the loan was for legitimate redevelopment purposes.

4 (2) If the oversight board finds that the loan is an enforceable
5 obligation, the accumulated interest on the remaining principal
6 amount of the loan shall be recalculated from origination at the
7 interest rate earned by funds deposited into the Local Agency
8 Investment Fund. The loan shall be repaid to the city, county, or
9 city and county in accordance with a defined schedule over a
10 reasonable term of years at an interest rate not to exceed the interest
11 rate earned by funds deposited into the Local Agency Investment
12 Fund. The annual loan repayments provided for in the recognized
13 obligation payment schedules shall be subject to all of the following
14 limitations:

15 (A) Loan repayments shall not be made prior to the 2013–14
16 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
17 repayment amount authorized each fiscal year for repayments
18 made pursuant to this subdivision and paragraph (7) of subdivision
19 (e) of Section 34176 combined shall be equal to one-half of the
20 increase between the amount distributed to the taxing entities
21 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
22 that fiscal year and the amount distributed to taxing entities
23 pursuant to that paragraph in the 2012–13 base year, provided,
24 however, that calculation of the amount distributed to taxing
25 entities during the 2012–13 base year shall not include any amounts
26 distributed to taxing entities pursuant to the due diligence review
27 process established in Sections 34179.5 to 34179.8, inclusive.
28 Loan or deferral repayments made pursuant to this subdivision
29 shall be second in priority to amounts to be repaid pursuant to
30 paragraph (7) of subdivision (e) of Section 34176.

31 (B) Repayments received by the city, county, or city and county
32 that formed the redevelopment agency shall first be used to retire
33 any outstanding amounts borrowed and owed to the Low and
34 Moderate Income Housing Fund of the former redevelopment
35 agency for purposes of the Supplemental Educational Revenue
36 Augmentation Fund and shall be distributed to the Low and
37 Moderate Income Housing Asset Fund established by subdivision
38 (d) of Section 34176.

39 (C) Twenty percent of any loan repayment shall be deducted
40 from the loan repayment amount and shall be transferred to the

1 Low and Moderate Income Housing Asset Fund, after all
2 outstanding loans from the Low and Moderate Income Housing
3 Fund for purposes of the Supplemental Educational Revenue
4 Augmentation Fund have been paid.

5 (c) (1) Bond proceeds derived from bonds issued on or before
6 December 31, 2010, shall be used for the purposes for which the
7 bonds were sold.

8 (2) (A) Notwithstanding Section 34177.3 or any other
9 conflicting provision of law, bond proceeds in excess of the
10 amounts needed to satisfy approved enforceable obligations shall
11 thereafter be expended in a manner consistent with the original
12 bond covenants. Enforceable obligations may be satisfied by the
13 creation of reserves for projects that are the subject of the
14 enforceable obligation and that are consistent with the contractual
15 obligations for those projects, or by expending funds to complete
16 the projects. An expenditure made pursuant to this paragraph shall
17 constitute the creation of excess bond proceeds obligations to be
18 paid from the excess proceeds. Excess bond proceeds obligations
19 shall be listed separately on the Recognized Obligation Payment
20 Schedule submitted by the successor agency.

21 (B) If remaining bond proceeds cannot be spent in a manner
22 consistent with the bond covenants pursuant to subparagraph (A),
23 the proceeds shall be used to defease the bonds or to purchase
24 those same outstanding bonds on the open market for cancellation.

25 *(d) Notwithstanding subdivision (b) of Section 34163, if a*
26 *successor agency has received a finding of completion, the*
27 *successor agency may enter into, or amend existing, contracts and*
28 *agreements, or otherwise administer projects in connection with*
29 *enforceable obligations approved pursuant to subdivision (m) of*
30 *Section 34177, including the substitution of private developer*
31 *capital in a disposition and development agreement that has been*
32 *deemed an enforceable obligation, if the contract, agreement, or*
33 *project will not commit new property tax funds, and will not*
34 *otherwise reduce property tax revenues or payments made pursuant*
35 *to paragraph (4) of subdivision (a) of Section 34183 to the taxing*
36 *agencies.*

37 *SEC. 7. Section 34191.5 of the Health and Safety Code is*
38 *amended to read:*

39 34191.5. (a) There is hereby established a Community
40 Redevelopment Property Trust Fund, administered by the successor

1 agency, to serve as the repository of the former redevelopment
2 agency's real properties identified in subparagraph (C) of paragraph
3 (5) of subdivision (c) of Section 34179.5.

4 (b) The successor agency shall prepare a long-range property
5 management plan that addresses the disposition and use of the real
6 properties of the former redevelopment agency. The report shall
7 be submitted to the oversight board and the Department of Finance
8 for approval no later than six months following the issuance to the
9 successor agency of the finding of completion.

10 (c) The long-range property management plan shall do all of
11 the following:

12 (1) Include an inventory of all properties in the trust. The
13 inventory shall consist of all of the following information:

14 (A) The date of the acquisition of the property and the value of
15 the property at that time, and an estimate of the current value of
16 the property.

17 (B) The purpose for which the property was acquired.

18 (C) Parcel data, including address, lot size, and current zoning
19 in the former agency redevelopment plan or specific, community,
20 or general plan.

21 (D) An estimate of the current value of the parcel including, if
22 available, any appraisal information.

23 (E) An estimate of any lease, rental, or any other revenues
24 generated by the property, and a description of the contractual
25 requirements for the disposition of those funds.

26 (F) The history of environmental contamination, including
27 designation as a brownfield site, any related environmental studies,
28 and history of any remediation efforts.

29 (G) A description of the property's potential for transit-oriented
30 development and the advancement of the planning objectives of
31 the successor agency.

32 (H) A brief history of previous development proposals and
33 activity, including the rental or lease of property.

34 (2) Address the use or disposition of all of the properties in the
35 trust. Permissible uses include the retention of the property for
36 governmental use pursuant to subdivision (a) of Section 34181,
37 the retention of the property for future development, the sale of
38 the property, or the use of the property to fulfill an enforceable
39 obligation. The plan shall separately identify and list properties in
40 the trust dedicated to governmental use purposes and properties

1 retained for purposes of fulfilling an enforceable obligation. With
2 respect to the use or disposition of all other properties, all of the
3 following shall apply:

4 (A) (i) If the plan directs the use or liquidation of the property
5 for a project identified in an approved redevelopment plan, the
6 property shall transfer to the city, county, or city and county.

7 (ii) For purposes of this subparagraph, the term “identified in
8 an approved redevelopment plan” includes properties listed in a
9 community plan or a five-year implementation plan.

10 (B) If the plan directs the liquidation of the property or the use
11 of revenues generated from the property, such as lease or parking
12 revenues, for any purpose other than to fulfill an enforceable
13 obligation or other than that specified in subparagraph (A), the
14 proceeds from the sale shall be distributed as property tax to the
15 taxing entities.

16 (C) Property shall not be transferred to a successor agency, city,
17 county, or city and county, unless the long-range property
18 management plan has been approved by the oversight board and
19 the Department of Finance.

20 *(d) The department shall not require a compensation agreement*
21 *or agreements as part of the approval of a long-range property*
22 *management plan.*

23 *(e) The department shall only consider whether the long-range*
24 *property management plan makes a good faith effort to address*
25 *the requirements set forth in subdivision (c).*

26 *(f) The department shall approve long-range property*
27 *management plans as expeditiously as possible.*